

COMPLETION ARRANGEMENT INFORMATION

RE 621B (Rev. 1/97)

The "621 Procedure"

Escrow Instructions (RE 621), Supplemental Instructions (RE 621A) and Subdivider Statement (RE 621C) were designed for the express purpose of allowing subdividers to postpone the submittal of a bond (or other security) to the Department of Real Estate (DRE) in compliance with Section 11018.5(a) of the Business and Professions (B&P) Code until after a final public report has been issued.

The use of this procedure may result in saving the substantial cost of bond premiums.

Completion Arrangement Forms

RE 613	Common Area Completion Security Agreement and Instructions to Escrow Depository [§11018.5(a)(2)]
RE 611	Bond (Completion of Common Facilities) [§11018.5(a)(2)]
RE 611A	Planned Construction Statement
RE 611D	Irrevocable Standby Letter of Credit [§11018.5(a)(2)]
RE 621	Escrow Instructions [§11018.5(a)]
RE 621A	Supplemental Instructions [§11018.5(a)]
RE 621C	Subdivider Statement [§11018.5(a)]
RE 629	Set-Aside Letter [§11018.5(a)(2)]

Established Practices

Do not use RE 621, 621A and 621C if you intend to use one of the following established practices:

- Subdividers who choose to comply with Section 11018.5(a)(2)(B) of the B&P Code, may use traditional methods to demonstrate financial arrangements and escrow instructions that comply with the provisions of the above code section.
- Subdividers who choose to comply with Section 11018.5(a)(2)(A) or (E) of the B&P Code prior to obtaining a final public report may furnish a bond or other security along with RE 611A, RE 613, and the appropriate clause in the buyer's escrow instructions. Include provisions in the covenants, conditions and restrictions (CC&Rs) that comply with Commissioner's Regulation 2792.4.
- If the "621 Procedure" is chosen, the bond or other security and both RE 621A and 621C should be furnished at least 45 days prior to the intended close of escrows in the subdivision. This should allow DRE enough time for approval of the security amount.

Final Public Report

If you want to obtain a final subdivision public report before the common areas and facilities in the subdivision are completed and you intend to close escrows and convey title to subdivision interests prior to completion of the common areas and facilities, then you should consider the use of the RE 621, 621A and 621C

in accordance with the following procedure:

- Submit a completed, executed, RE 621 as one of the documents when you file your application for your public report. Instruct your attorney to include Commissioner's Regulation 2792.4 in the project CC&Rs.
- After a final subdivision public report has been issued, sales escrows cannot close until the project is completed, free and clear of liens and encumbrances or until you have furnished a bond or other financial security, along with RE 611A and attendant documents, to guarantee completion of the common areas and facilities that remain incomplete as of the date of submittal of the bond and RE 611A to DRE. In a "cluster" planned development or a condominium project, the security should ordinarily include the residential units.

If the common areas are not complete, at least 45 days before the subdivider intends to close sales escrows, the subdivider may file a completed RE 621A, RE 621C, format of the security (RE 611 or any other form of acceptable financial guaranty), and a completed RE 611A. The RE 611A must describe in detail the improvements whose lien-free completion is to be guaranteed by bond or other security.

Submit maps, drawings, contracts, bids or other materials which verify the adequacy of the security amount to complete the remainder of the project.

Subdividers who use letters of credit in lieu of bonds must use special escrow instructions, RE 610. Submit RE 610 with the letter of credit.

- A DRE appraiser will determine if the security amount proposed by the subdivider for work not yet completed is acceptable to the DRE. After acceptance by the appraiser, RE 621A will be executed by a DRE Deputy or Manager and forwarded to the escrow depository. After receiving RE 621A and the security (with special escrow instructions, if the security is a letter of credit), the escrow depository will:
 - Execute RE 621A (and if applicable, the special escrow instructions for a letter of credit)
 - Forward to the DRE Deputy who is handling the subdivision file, copies of the fully-executed RE 621A, the security instrument and special escrow instructions, if applicable;
 - Close the open escrows, if otherwise appropriate.

If this procedure is selected, we recommend you make your submittals promptly without long delays between actions.

The longer the delay between the issuance of the final public report and the submittal of the security and the RE 621A, the greater the possibility of a material change.

- If there are material changes to the subdivision (see Commissioner's Regulation 2800), an amended subdivision public report must be obtained.